

RAW MATERIAL OUTLOOK AUGUST 2025

In the summer, we have been able to enjoy changeable weather from rain to sunshine. In the economy, the situation has also been very variable. Different countries have taken turns negotiating trade agreements and tariffs with the United States. This has created uncertainty in trade. So far, larger import duties to Europe have been avoided, but we will see how the situation develops later. This has had an impact on exchange rates and we have seen the Euro strengthen against the USD. The situation in Israel and Gaza and the Middle East in general also creates uncertainty and has an upward impact on the price of crude oil and energy. The price of gas has also been rising in Europe since June. Extreme weather phenomena continue, there are long hot seasons and, on the other hand, heavy rains, which can affect future harvests. The price level of sea freight from the Far East to Europe was declining at the beginning of the year, but has started to rise slightly again due to increased demand. Shipping times are still several months from the Far East to Europe. In Europe, the road freight index increased slightly due to higher fuel prices and increased demand during the summer season.

PROTEINS

Raw material side, the biggest increases have occurred in egg products. The reason for the price increases has been the increased demand for eggs in Europe, both on the consumer and industrial side. Global supply and demand are not in balance, e.g. the stock levels of yolk powders are very low. Producers in Europe have not invested in additional production when the price level has been low. As a result of environmental requirements, egg production is projected to decrease by about 15% in Belgium, Germany and the Netherlands. The effects of avian influenza have contributed to the poor availability, especially in Eastern Europe. The egg shortage in the United States has increased exports from the EU to the United States. There is also more demand for European eggs in the Far East and South America.

The price level of whole milk powder has risen slightly. Demand has been lower due to the holiday season and production has been reduced accordingly, while the price level firmed slightly as demand was uncertain. The prices of whey protein concentrates and isolates have remained at a high level due to tight availability.

The soybean harvest season is underway in the USA and in South America the sowing has just been done. In Brazil, the cultivated area has been increased. Global soybean production is projected to increase. There are concerns about possible tariffs and trade policy decisions and their effects between different countries.

The price level of meat proteins has remained unchanged.

CORN

Corn futures prices rose in the spring, but have now been on a downward trend. Harvests in the USA and Brazil are projected to be better than average. Harvest expectations in Ukraine are also good, although drought may cause a decline in harvests. In Europe, the harvest is projected to be similar to the previous year, although it has been hot and dry in Eastern Europe, and this may have a slight impact on the maize harvest.

WHEAT

The futures price of wheat has been on a downward trend in Europe. Demand has been lower due to the decline in demand in China and North African countries. A good harvest has been predicted to France and to Eastern Europe. There have been delays in harvesting in Ukraine and harvest expectations have decreased due to weather conditions. Globally, wheat production is forecast to increase, although global stocks have declined

TAPIOCA

The price of tapioca has been declining, partly due to exchange rates and sea freight. However, delivery times have lengthened significantly due to increased demand.

POTATO

New crop is harvested in the autumn. In Europe, the cultivated area has increased and the price level has been declining. However, the drought in Europe may lower harvest forecasts and affect potato quality.

ADDITIVES

The prices of food additives have been declining due to changes in exchange rates and lower sea freight prices.

THICKENERS

The prices of thickeners such as carrageenans and xanthan gum are declining due to changes in exchange rates and lower sea freight prices.

SUGAR

The world market price of sugar has been declining, as sugar has still been in safety stocks, and the Brazilian harvest is also expected to be ready. World market prices have also been affected by customs tariffs between the United States and Brazil.

A new sugar harvest is underway in Europe. In Finland, weather conditions have been good and the cultivated area has increased. There has been rain in Germany and Poland. France and southern Europe has suffered from drought and this has reduced yield forecasts. The cultivated area has also dropped by about 9% in Europe, and this is likely to increase sugar prices from the new crop.

COCOA

Cocoa price is still at a high level due to the reduced availability of the previous harvest and long lead times. Weather conditions such as drought have caused concern in West Africa, and more is known towards end of August. Price forecast currently shows a downward trend towards end of the year, as production volumes is estimated to increase in other producing countries.

VEGETABLE OILS

The price of rapeseed oil has fluctuated during the spring, but on the other hand, the EU is now expecting a good harvest. In Ukraine, there is concern about the poor harvest due to weather conditions, and a large part of the rapeseed has not yet been harvested. The price level will be affected by the development of crops in the main producer countries. World market price for coconut oil has increased due to a decrease in the availability of coconut oil in the Philippines due to weather conditions. In addition, the use of coconut oil for biodiesel production has increased. This has also slightly strengthened the price of palm oil as it has been used as a substitute for coconut.

ONION, PEPPER AND NATURAL SPICES

Prices of dried onions have mainly remained unchanged. The new harvest has been ripe in India in the spring and the harvest has been mostly good, although the monsoon rains have reduced it somewhat. In China, the cultivated area has increased and the harvest is currently underway. In the USA, the harvest is projected to be normal. Garlic prices in China increased in the spring due to the cold spring, but the price level is levelling off as new crops enter the market. Indian garlic powder is unchanged, but the production could only be started in June.

Pepper prices have fallen slightly from its highest level. This is partly due to changes in exchange rates and sea freight prices. In general, pepper production is estimated to decline because the cultivated area has decreased, especially in India. In Brazil, the cultivated area has increased, although the cultivation conditions have been worse. In Vietnam, the cultivated area is also projected to decline as farmers switch to other commodities as they become more profitable. Safety stocks have also decreased, and at the same time, global demand has increased.

Of the natural spices, the price level of cumin and turmeric is declining. The prices of mustard powders have also fallen. We get a new harvest of herbs in the autumn. Inflation is high in Turkey and the price of oregano is forecasted to rise also due to the fact that there is less EU-compliant material available.